

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name West Michigan Enforcement Team	County Ottawa
Fiscal Year End September 30, 2006	Opinion Date January 24, 2006	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	None noted	
Other (Describe)	<input type="checkbox"/>	None noted	
Certified Public Accountant (Firm Name) Rehmann Robson		Telephone Number (616) 975-4100	
Street Address 2330 East Paris SE		City Grand Rapids	State MI
Authorizing CPA Signature 		Printed Name Stephen W. Blahm, CPA, CGFM	Zip 49546
		License Number	24801

WEST MICHIGAN ENFORCEMENT TEAM

West Olive, Michigan

FINANCIAL STATEMENTS

For the Year Ended September 30, 2006

WEST MICHIGAN ENFORCEMENT TEAM

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1
Basic Financial Statements for the Year Ended September 30, 2006	
Statement of Net Assets and General Fund Balance Sheet	2
Reconciliation of General Fund Balance Sheet to Statement of Net Assets	3
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance	4
Reconciliation of the General Fund Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	5
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	6
Notes to Financial Statements	7-10
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11



REHMANN ROBSON

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

January 24, 2007

Board Members
West Michigan Enforcement Team
West Olive, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the West Michigan Enforcement Team, as of and for the year ended September 30, 2006, which collectively comprise the West Michigan Enforcement Team's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the West Michigan Enforcement Team's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the West Michigan Enforcement Team as of September 30, 2006, and the respective changes in financial position thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2007, on our consideration of the West Michigan Enforcement Team's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The West Michigan Enforcement Team has not presented Management's Discussion and Analysis which the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

BASIC FINANCIAL STATEMENTS

WEST MICHIGAN ENFORCEMENT TEAM

Statement of Net Assets and General Fund Balance Sheet

September 30, 2006

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash on hand	\$ 42,000	\$ -	\$ 42,000
Cash and pooled investments	193,698	-	193,698
Cash held for pending forfeitures	198,213	-	198,213
Prepaid items	3,400	-	3,400
Due from other governmental units	143,043	-	143,043
Capital assets, net of accumulated depreciation	-	23,885	23,885
Total assets	<u><u>\$ 580,354</u></u>	<u><u>23,885</u></u>	<u><u>604,239</u></u>
Liabilities			
Accounts payable	\$ 20,261	-	20,261
Due to other governments	131,126	-	131,126
Undistributed forfeitures	198,213	-	198,213
Total liabilities	<u><u>349,600</u></u>	<u><u>-</u></u>	<u><u>349,600</u></u>
Fund balance			
Reserved for prepaid items	3,400	(3,400)	-
Unreserved, undesignated	227,354	(227,354)	-
Total fund balances	<u><u>230,754</u></u>	<u><u>(230,754)</u></u>	<u><u>-</u></u>
Total liabilities and fund balances	<u><u>\$ 580,354</u></u>		
Net assets			
Invested in capital assets		23,885	23,885
Unrestricted		230,754	230,754
Total net assets		<u><u>\$ 254,639</u></u>	<u><u>\$ 254,639</u></u>

The accompanying notes are an integral part of these financial statements.

WEST MICHIGAN ENFORCEMENT TEAM

Reconciliation of General Fund Balance Sheet to the Statement of Net Assets

September 30, 2006

Fund balance - General Fund	\$ 230,754
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Amounts reported for *governmental activities* in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the fund

Add - equipment	54,953
Deduct - accumulated depreciation	<u>(31,068)</u>

Net assets of governmental activities	<u>\$ 254,639</u>
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The accompanying notes are an integral part of these financial statements.

WEST MICHIGAN ENFORCEMENT TEAM

Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance

Year Ended September 30, 2006

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures/expenses			
Public safety	\$ 840,091	\$ 10,338	\$ 850,429
Capital outlay	<u>6,998</u>	<u>(6,998)</u>	<u>-</u>
Total expenditures/expenses	<u>847,089</u>	<u>3,340</u>	<u>850,429</u>
Program revenues			
Charges for services	321,619	-	321,619
Operating grants and contributions	<u>433,362</u>	<u>-</u>	<u>433,362</u>
Total program revenues	<u>754,981</u>	<u>-</u>	<u>754,981</u>
Net program expense			<u>95,448</u>
General revenue			
Interest earned	<u>10,468</u>	<u>-</u>	<u>10,468</u>
Change in fund balance/net assets	<u>(81,640)</u>	<u>(3,340)</u>	<u>(84,980)</u>
Fund balance/net assets:			
Beginning of the year	<u>312,394</u>	<u>27,225</u>	<u>339,619</u>
End of the year	<u><u>\$ 230,754</u></u>	<u><u>\$ 23,885</u></u>	<u><u>\$ 254,639</u></u>

The accompanying notes are an integral part of these financial statements.

WEST MICHIGAN ENFORCEMENT TEAM

Reconciliation of the General Fund Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

Year Ended September 30, 2006

Net change in fund balance - General Fund	\$ (81,640)
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Amounts reported for *governmental activities* in the statement of activities are different

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capitalized expenses	6,998
Deduct - depreciation expense	<u>(10,338)</u>
Change in net assets of governmental activities	<u><u>\$ (84,980)</u></u>

The accompanying notes are an integral part of these financial statements.

WEST MICHIGAN ENFORCEMENT TEAM

Statement of General Fund Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended September 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental revenues:				
Federal	\$ 415,000	\$ 444,051	\$ 432,362	\$ (11,689)
Local	1,000	1,000	1,000	-
Interest on investments	20,000	20,000	10,468	(9,532)
Forfeitures and other revenues	256,000	353,000	321,619	(31,381)
Total revenues	<u>692,000</u>	<u>818,051</u>	<u>765,449</u>	<u>(52,602)</u>
Expenditures				
Supplies	33,000	35,500	28,919	6,581
Other services and charges	811,350	851,281	811,172	40,109
Capital outlay	-	6,998	6,998	-
Total expenditures	<u>844,350</u>	<u>893,779</u>	<u>847,089</u>	<u>46,690</u>
Net change in fund balance	(152,350)	(75,728)	(81,640)	(5,912)
Fund balance, beginning of year	312,394	312,394	312,394	-
Fund balance, end of year	<u>\$ 160,044</u>	<u>\$ 236,666</u>	<u>\$ 230,754</u>	<u>\$ (5,912)</u>

The accompanying notes are an integral part of these financial statements.

WEST MICHIGAN ENFORCEMENT TEAM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the West Michigan Enforcement Team (the “WEMET”) conform to generally accepted accounting principles as applied to governmental units. The following is a summary of the significant accounting policies.

Reporting Entity

The West Michigan Enforcement Team is a joint venture with participation from Ottawa, Muskegon and Allegan counties and the Michigan Department of State Police. This legally separate entity was formed in 2002 under the Urban Cooperation Act of 1967 and is governed by a board made up of member-designated representatives.

The purpose of the WEMET is to establish a cooperative law enforcement force assembled for the purpose of enforcing narcotics and other controlled substances laws.

The accompanying financial statements present the WEMET (the primary government). The WEMET has no blended or discretely presented component units.

Operations

The WEMET’s primary revenue sources are forfeitures, grants and local contributions. These sources provide funding for goods and services which include supply and equipment purchases, equipment, office, and vehicle rents and contractual services including payment for contract labor. The WEMET has no direct employees. The WEMET is economically dependent on forfeitures which participants have agreed to provide to the WEMET.

Basis of Presentation

Financial activities of the WEMET are reported in one fund. A separate column is presented for the fund on the statement of net assets and governmental funds balance sheet and statement of activities and governmental fund revenues, expenditures and changes in fund balance. This separate column takes the place of the government funds financial statement presentation. This alternative method of presenting major fund information is utilized because only one major fund (general fund) is utilized by the WEMET.

Governmental Fund

General fund – this fund is used to account for all financial transactions including all financial resources and general operating expenditures.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. Governmental activities are supported by charges for services and intergovernmental revenues.

WEST MICHIGAN ENFORCEMENT TEAM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2006

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, forfeit to, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues.

A combined financial statement is provided for the general fund balance sheet and the statement of net assets, and the general fund revenues, expenditures and changes in fund balance and the statement of activities. The general fund is considered to be a major fund for financial reporting purposes.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements (the statement of net assets and statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund (general fund) financial statements (general fund balance sheet and general fund revenues, expenditures and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences not expected to be paid in the current year and claims and judgments, are recorded only when payment is due.

Charges for services, grant revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standard do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance for the government-wide financial statements.

Cash and Pooled Investments

Cash and pooled investments consist of cash on hand, and amounts held by Ottawa County for the benefit of the WEMET.

WEST MICHIGAN ENFORCEMENT TEAM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2006

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide statements (statement of net assets). Capital assets are defined by the WEMET as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date donated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded as capital expenditures at the time of purchase in the fund financial statements, (statement of general fund revenues, expenditures and changes in fund balance) and are subsequently capitalized on the government-wide statements through an adjustment to the governmental fund (general fund) column.

Depreciation is recorded over the estimated useful lives (five years for furniture, fixtures and equipment) of the assets, using the straight-line method for all capital assets.

Reserved and Designated Fund Balances

In the fund financial statements, the general fund reports reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Restricted resources are utilized first to fund appropriations for allowable costs.

The Board of the WEMET has no formal designations at year end.

Budgetary Process

The WEMET is under formal budgetary control. Formal budget integration is employed as a management control device during the year. The WEMET's budget is adopted by the West Michigan Enforcement Team Board in accordance with Public Act 621, the Michigan Uniform Budgeting and Accounting Act, which mandates an annual budget process and an annual appropriation act to implement the budget. The budget, as presented in the accompanying statement of revenues, expenditures, and changes in fund balance, was prepared on the modified accrual basis of accounting.

Budgetary control over expenditures is maintained on a line item basis. A separate budgetary report is prepared which demonstrates compliance at the legal level of control. Expenditures may not legally exceed budgeted amounts. All budget appropriations lapse at the end of each fiscal year unless specific Board action is taken. Any budget overages at the activity level are displayed on the statement of revenues, expenditures and changes in fund balance – budget and actual.

WEST MICHIGAN ENFORCEMENT TEAM

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2006

2. CASH AND POOLED INVESTMENTS

The WEMET's cash and cash equivalents included on the statement of net assets and general fund balance sheet are classified as follows:

Cash on hand	\$ 42,000
Cash and pooled investments – held by Ottawa County	193,698
Cash held for pending forfeitures	<u>198,213</u>
Total	<u>\$433,911</u>

Cash and Pooled Investments

State of Michigan statutes authorize the WEMET to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposit, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC, commercial paper, bankers' acceptance of U.S. banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds.

The above cash and pooled investments are held by Ottawa County (the fiscal agent of the WEMET). Specific deposit and investment accounts are not specifically held in the name of the WEMET. The amount of federal depositary insurance and custodial credit risk of investments is determined for Ottawa County as a whole, but cannot be separately identified for the WEMET.

3. CAPITAL ASSETS

The following is a summary of changes in capital assets during the year ended September 30, 2006:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>
Equipment	\$ 47,955	\$ 6,998	\$ -	\$ 54,953
Less accumulated depreciation	<u>20,730</u>	<u>10,338</u>	<u>-</u>	<u>31,068</u>
Total capital assets, net	<u>\$ 27,225</u>	<u>\$ (3,340)</u>	<u>\$ -</u>	<u>\$ 23,885</u>

4. RISK MANAGEMENT

The WEMET is exposed to various risks of loss related to property loss, torts, and errors and omissions. The WEMET has purchased commercial liability insurance for the above risks of loss. Settled claims have not exceeded insurance coverage for the last three years.

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REHMANN ROBSON

Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

January 24, 2007

Board Members
West Michigan Enforcement Team
West Olive, Michigan

We have audited the financial statements of the governmental activities and the major fund of the West Michigan Enforcement Team, as of and for the year ended September 30, 2006, which collectively comprise the basic financial statements and have issued our report thereon dated January 24, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the West Michigan Enforcement Team's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Michigan Enforcement Team's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the board members, and is not intended to be and should not be used by anyone other than these specified parties.

Rehmann Robson